West Rainton Parish Council - 19 January 2025

Agenda Item 10: Precept for 2025/26

Report of the Parish Clerk

To comply with the deadline of 17 January 2025 set by Durham County Council (the Council Tax administering Authority), the Parish Council is required to agree, set and request the precept for the financial year 2025-26.

Tax Base 2025/26

The County Council has updated its tax base modelling taking into account the updated position in terms of new build and incidence of other discounts and exemptions impacting on the tax base calculation.

The table below shows the position for West Rainton Parish Council

Current Tax Base (2024/25) (A)	728.4
Tax Base for 2025/26 (B)	**762.7**
Tax Base increase from 2024/25 (C) = (B-A))	**34.3**
Current Band D Council Tax (2024/25) (D)	£54.40
Increase in Council Tax Yield (E) (C X (D)	£1865.92
Removal of the 2024.25 LRTRS Grant (F)	**(£1302.00)**
LCTRS Grant Applicable in 2025/26 (G)	£0.00
Net Position (E) – (F) + (G)	£563.92

*This is the amount the Parish Council could decrease its precept by to give a standstill position in terms of resource availability (in cash terms)

To assist the Parish Council consider the setting of the 2025/26 precept please refer to the attached Appendix.

This summarises:

- Actual expenditure and income in 2023/24
- Forecast expenditure and income outturn for 2024/25
- Draft budget for 2025/26 based on a standstill position i.e. no change to precept.

Draft Budget 2025/26

In drawing up the proposed budget for 2025/26, careful consideration has been given to anticipated spending based upon experience gained over previous years. Your attention is drawn to key provisions in the draft budget:

- The forecast general reserve balance brought forward from 2024/25 is **£45160**
- A net increase in funding of £563.53 next year, due to an increase in the Tax Base, if the precept remains at the 2024/25 level of £54.39 for a band D property: the precept total funding without any increase is **£41,483.**
- An increase for inflation of 2% on pay and other relevant expenditure
- An increase on all cemetery fees of 2% for inflation wef 1/4/25

- The earmarked Election Reserve and Village Improvement Programme balances of £4,000 and £20,000 at the beginning of 2024/25 have been carried over to 2025/26.
- £4000 provision for the May 25 Parish Council Election costs funded without application of Election Reserve which can roll forward to fund a potential bi-election subsequent to the May 25 election.
- The potential to support Durham Area Youth's funding request for £4,000 2025/26 (to be considered under a separate agenda item at this meeting)
- The potential to support other grant applications received from community groups totalling £1615 (To be considered under a separate agenda item at this meeting)
- Increase budget provision well above inflation for cemetery maintenance and Village Maintenance due to uncertainty of new contractor costs and impact of the DCC expected reduction in Clean & Green Team service provision
- No spend or income in relation to the memorial leafs has been included as none in 24/25.
- The draft 2025/26 budget forecasts a surplus of **£856** which includes £4502 refund of VAT from 2024/25

There is no provision in the draft budget for the following identified potential funding pressures:

- Funding to help reduce anti social behaviour and damage to the green space opposite the garage e.g. installation of more bollards/barriers to restrict vehicle access.

- Unsuccessful S106 application for fencing costs for the School Avenue Play Park (quotes received from DCC to be considered under a separate agenda item).

- Funding to support outstanding action relating to improving road safety measures.

- Support for "exceptional circumstances", in year community grant funding applications, including the further support for Jubilee Hall re electrical work required for running an emergency generator so that the Hall can function as a safe place as part of the Community Emergency Plan.

- The need for additional staffing resources

Summary & Other Considerations

The 2025/26 draft annual budget forecasts a surplus of £856 without any increase in the precept or the application of any reserve funds during the year. This small surplus will increase the general reserve forecast balance at 31 March 2026 to **£46,016**. Consequently, an increase in the precept is not required to balance the proposed draft budget for next year or to maintain reserves at their current levels.

The level of forecast general reserve is considered reasonable to address any potential unforeseen funding pressures, but the overall reserve balance of

£70,016 is higher than the actual reserve balance as at the 31/3/24, queried by the external auditor during the 23/24 audit.

To help improve transparency for the reasons for holding such reserves, the Parish Council should clarify how and when the earmarked Village Improvement Programme reserves will be utilised. Consequently, it is advised that the Parish Council should strive to firm up projects incorporated into its 2024/5 Annual Plan, included as potential funding pressures above, by 31 March 2025, to decide which projects should be carried over into its annual plan for 2025/26 and identify the need for any transfer from the general reserve next year and any potential funding gaps going forward.

It should be noted that due to the significant level of the budget deficit in the draft Durham County Council's (DCC's) Medium Term Financial Plan 2025/26 -28/29, particularly in 2025/26, Council Tax bills, (which excludes all other partner precepts i.e. Police Fire and town/parish councils) *could* be increased by 5% next year.

It should also be noted that DCC's Corporate Director of Finance, in notifying the Parish Council of its tax base for 2025/26, has again advised, *"the Government has previously issued a challenge to Town and Parish Councils to demonstrate restraint when setting precept increases, that are not a direct result of taking on additional responsibilities, and to make precept decisions more transparent to local taxpayers."*

"The Government expects Town and Parish Councils, in setting their precepts, to consider all available options to mitigate the need for council tax increases. For a number of years, the Government has threatened to implement a cap on council tax increases implemented by Town and Parish Councils. There is no indication at this stage that a cap will be implemented for 2025/26 however any Government proposals to do so would be set out at the time of the provisional local government finance settlement which is due in December 2024."

In view of the above, Parish Council is asked to consider the Parish Council precept for 2025/26.

To assist Parish Council in this consideration, examples of an increase in our precept on the current band D property of £54.39

Variance in Precept	Net Increase in funding from 24/25	Band D Precept	Increase per annum	Total Funding from the Precept
Standstill	£563.57	£54.39	£0.00	£41,483.25
+2%	£1394.92	£55.48	£1.09	£42,314.60
+5%	£2638.12	£57.11	£2.72	£43,557.80

Parish Council is asked to consider this report and the Appendix in order to agree the precept requirement for 2025/26 and approve a draft provisional budget for 2025/26.

Jan 2025